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M&MD

MARKETING & MEDIA DECISIONS

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WHAT'S HOT

Upfront '90

Daypart by daypart, here's how the cards are stacked.

Dinners for Kids

Luxury Autos

Buying by Bytes

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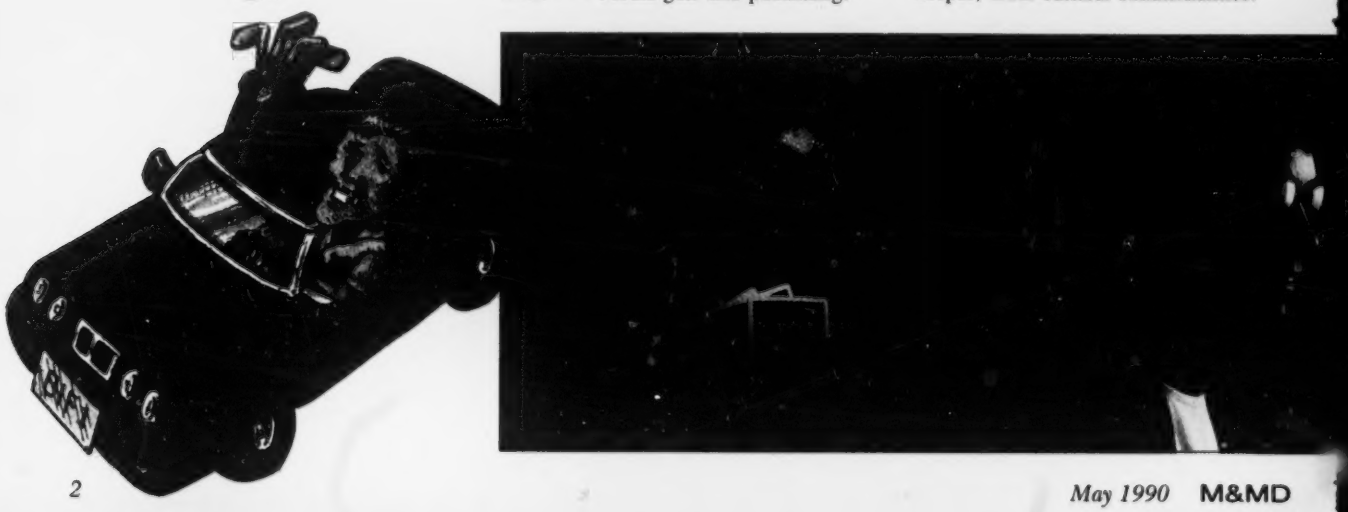

FEATURES

Back to the Upfront 34

It must be spring — all the tv buyers look nervous. And no wonder, as they prepare to dive head first into the upfront network tv buying game. This notoriously erratic market shows no signs of settling down this year. Here's a handicap by daypart, plus snapshots of cable, syndication and Fox's outlooks to round out the picture.

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Cover: Photography by Maria Ferrari

John Stuart

THE BIGGEST GAME IN TOWN

by Joe Mandese

Let the cards fall where they may. Another television upfront season is about to begin, and the game promises to be a real smoker.

True, there are no Olympics, no apparent tv-related strikes and no people-meterish boondoggle to mess up the works. But this year's national television upfront is bigger than ever before — with more players, more inventory, and more choices for the buyer.

Soaring demand and record prices caught even the most seasoned vets off guard in last year's upfront, which grew approximately $700-$800 million to about $4 billion. So outright predictions about the market are scarce in 1990. But a few fundamentals appear to be working against the networks. The weak economy is hurting major categories like automobiles and financial services, and beer advertisers are pulling back. In the scatter market, major advertisers are canceling time at a higher rate than usual.

Network competitors are stronger than ever before. Fox is flush with hit shows and is expanding to two additional nights this fall. The major cable networks have invested heavily in first-run programing, including top sports packages, and are aggressively marketing their wares against specific network dayparts. And syndication certainly will take a bite out of network budgets with its top-tier shows.

While there is more product than ever competing in this year's marketplace, the true commodity isn't the shows, or even the commercial units that are being offered. What national tv buyers really want are gross rating points (GRPs) and lots of them — preferably in quality program environments and delivering particular demographic concentrations.

Some dayparts are up and some are down, but there definitely has been a redistribution of the GRP

DEMAND 1990-91

Five represents 1989 levels. Ten indicates manic demand–and prices. Here's our call on the dayparts.

JWT's John Sisk, like other buyers, is hiding his hand but ready to pounce.

PRIME-TIME

TOP 10 CLIENTS

	1989	1988	Percent Change
General Motors	$289.7 mm	$181.8 mm	+54.4%
Kellogg	199.7	131.5	+51.9
Procter & Gamble	196.7	144.1	+36.5
McDonald's	169.7	129.6	+30.9
Philip Morris	157.6	126.1	+25.0
Pepsico	128.4	100.9	+27.3
Unilever	121.6	97.9	+24.2
Grand Metropolitan	115.3	58.6	+96.8
Ford	109.5	69.6	+57.3
Kohlberg Kravis	102.3	91.1	+12.3

TOP 10 CATEGORIES

	1989	1988	Percent Change
Restaurants & drive-ins	$459.9 mm	$316.2 mm	+45.9%
Domestic cars	330.0	221.9	+48.7
Cereals	305.6	215.6	+41.7
Imported cars	293.9	228.2	+28.8
Movies	161.7	123.8	+30.6
Cold/cough remedies	134.7	108.7	+23.9
Headache remedies	110.4	95.7	+15.4
Trucks	107.3	80.7	+33.0
Department stores	104.1	48.0	+116.9
Soft drinks	101.3	85.7	+18.2

The weak scatter market could set the tone for the marketplace, and several important categories are cooling off.

wealth...not just among networks, but to network alternatives.

PRIME-TIME

Despite last year's record upfront (and possibly because of it), prime-time scatter sales appear to have weakened considerably. During the second quarter, there was a higher level of exercised cancellation options and relief requests than normal. "I believe that there is an underlying softness there," says Grey Advertising senior vice president and director of national broadcast Jon Mandel.

No. 1 advertiser General Motors made headlines when it dumped about $40 million in options, and subsequently repurchased much of the time. But far more significant, Mandel says, are the cutbacks "in all categories." He estimates cancellation options are running "a few percentage points" higher than normal.

While there isn't necessarily a correlation between one season's scatter market and the following year's upfront, it often influences the mood of the marketplace. And at this point, it looks like the upfront will take off on a weak scatter base.

Not surprisingly, networks have a more optimistic view. "The networks are projecting about equal demand to last year's upfront," says Lowe Marschalk vice president of national broadcast Estie Todtman. "I don't think there will be much growth, but [the market] may be as big as last year, which was pretty big."

One area of concern is how networks will recoup the hefty rights fees they have paid for major sports packages. "Where are [advertisers] going to get the money for sports?" Todtman asks. "Will people take money out of other dayparts to pay for sports — or vice versa? People may think that sports is becoming too inefficient and may put their money into other dayparts."

While those sports fees will certainly be amortized by advertisers, J. Walter Thompson senior vice president and director of network negotiating John Sisk believes the impact on this year's marketplace depends on how the networks plan to recover those costs. "Over how many years will they amortize it?" he asks.

Ally & Gargano MCA senior vice president and director of network programing Steve Auerbach doesn't believe those costs will be absorbed this year. "I don't think we will see the huge increases that people expected, because two important categories seem to be off. Financials are in trouble, and the beers seem to be cutting back on advertising and putting money in price and promotion." Young & Rubicam senior vice president of group network television Gerri Donini adds, "I've got to believe that the car money is going to be down. There were a lot of introductions last year and an introduction budget is always a lot higher than the following year's."

If she's right, the networks might be in trouble: Automobiles drove the upfront last year. According to Arbitron's Broadcast Advertiser Reports data, domestic automotive prime-time spending rose 48.7% to $330 million in 1989, while imported cars

DAYTIME

TOP 10 CLIENTS

	1989	1988	Percent Change
Procter & Gamble	$139.3 mm	$140.0 mm	−1.0%
Philip Morris	47.0	49.9	−5.8
Unilever	46.5	50.7	−8.3
Kohlberg Kravis	42.9	57.3	−25.1
Johnson & Johnson	37.6	39.0	−3.6
Bristol-Myers	34.2	33.9	+0.9
Quaker Oats	33.6	36.5	−8.0
American Home Products	32.3	44.4	−27.3
Eastman Kodak	30.9	27.6	+12.0
Nestle	22.6	22.4	+0.9

TOP 10 CATEGORIES

	1989	1988	Percent Change
Cold remedies	$43.4 mm	$49.7 mm	−12.7%
Underwear/ apparel	39.2	35.3	+11.1
Cereals	35.1	44.7	−21.5
Games/toys	34.1	41.3	−17.4
Headache remedies	33.0	39.3	−16.0
Cleaners	32.2	24.9	+29.0
Dental supplies	31.0	38.1	−18.6
Coffee/tea	30.0	27.0	+11.1
Candy/gum	28.9	40.1	−27.9
Pet food	28.4	30.3	−6.3

LATENIGHT

TOP 10 CLIENTS

	1989	1988	Percent Change
Anheuser-Busch	$22.6 mm	$15.7 mm	+44.0%
Philip Morris	21.1	13.2	+59.9
General Motors	18.5	10.4	+77.9
Bristol-Myers	18.0	15.5	+16.1
AT&T	15.7	12.9	+21.7
Ford	11.9	8.0	+48.8
Sears	11.1	2.2	+404.6
Procter & Gamble	11.0	11.7	−6.0
Monsanto	10.1	5.4	+87.0
Toyota	9.7	9.5	+2.1

TOP 10 CATEGORIES

	1989	1988	Percent Change
Imported cars	$43.4 mm	$24.8 mm	+75.0%
Beer	34.2	22.2	+36.2
Domestic cars	23.5	13.0	+80.8
Candy/gum	19.8	19.2	+3.1
Movies	18.6	18.9	−1.6
Restaurants/ drive-ins	13.9	18.3	−24.0
Headache remedies	13.3	6.9	+92.8
Long-distance services	13.0	6.4	+103.1
Financial	12.2	9.5	+28.4
Health/ diet food	11.0	5.9	+86.4

After years of weakness, daytime looks like a bargain. But gains last year may be offset by soft ratings.

grew 28.8% to $293.9 million. No. 1 prime-time advertiser General Motors led the charge, boosting its budget nearly 60% to $289.7 million. Moreover, these numbers are only through the fourth quarter of 1989 and don't reflect budget increases for the entire 1989-90 season.

Prime-time demand may be moderated by the actual supply of its inventory. The three-network GRPs appear to be down 4% (for the period from Sept. 18-March 18), according to an analysis by Bozell Inc. Most significantly, the ratings erosion is affecting many of the key network demographic targets. Women 18-24, for instance, is down 6% for the period, while women 18-49 and women 25-54 are each off 5%. Similarly, men 18-34 is down 6% and men 18-49 and men 25-54 have dropped 5%. Network alternatives, including Fox, syndication and cable, meanwhile are adding to the pie. "Fox continues to grow each season, improving its average household rating by 12% vs. last season," notes Bozell.

Fox also is expanding its prime-time inventory this fall by about 40% by adding two additional nights on Wednesday and Friday.

EARLY MORNING

TOP 10 CLIENTS

	1989	1988	Percent Change
Procter & Gamble	$30.8 mm	$29.5 mm	+4.4%
Philip Morris	20.9	15.2	+37.5
Kellogg	7.4	8.9	−16.9
Heinz	6.2	4.7	+31.9
Johnson & Johnson	5.6	3.5	+60.0
Seagrams	5.5	3.7	+48.7
American Home Products	5.3	5.1	+3.9
Quaker Oats	5.2	5.9	+11.9
Sears	5.2	3.1	+67.7
General Motors	4.8	1.0	+380.0

TOP 10 CATEGORIES

	1989	1988	Percent Change
Coffee/Tea/Cocoa	$34.0 mm	$19.8 mm	+71.7%
Cereals	19.7	22.8	−13.6
Dental products	11.2	13.1	−14.5
Financial	7.3	3.5	+108.6
Headache remedies	6.6	6.9	−4.4
Fruit juices	6.3	6.6	−4.6
Health/diet foods	6.1	2.4	+154.2
Media	5.9	6.6	−10.6
Furniture	5.6	7.8	−28.2
Cold/cough remedies	5.2	8.3	−37.4

DAYTIME

After several seasons of flat to downward spending, network daytime posted a modest gain last year due to aggressive network marketing efforts that convinced even major automotive advertisers to enter the daypart. However, those daytime revenue gains were based on a tenuous price/value relationship that may disappear as quickly as it emerged. After years of weak pricing, daytime's value became attractive relative to other network dayparts, assisting in the turnaround. "Daytime began to look pretty good," notes JWT's Sisk.

But buyers are concerned about a recent drop-off in network daytime ratings that could alter its relative value. Through March 18, the three-networks' season-to-date ratings have declined 6% for daytime. So even if network unit rates are flat, daytime CPMs will rise because there are fewer daytime viewers per spot. "We're becoming concerned about the situation," notes BBDO senior vice president & director of national tv buying Steve Grubbs. "If this continues into next year, then the networks would have to take out a lot of units for makegoods." And they would have fewer rating points to sell.

In theory, reduced daytime inventory means prices rise if demand stays the same. However, few buyers believe daytime will stay attractive with a significant price hike. Their daytime budgets would either shift to other dayparts, or into other tv alternatives. A Bozell study of fourth-quarter daytime viewing notes that while the broadcast network ratings have dipped, "total daytime usage increased by 2%" due in part to a 36% ratings increase on basic cable.

LATENIGHT

Latenight has been hot, but like daytime, it is in danger of losing its price/value relationship. After several seasons of hefty price hikes, latenight may see its first flat sales season in a while. However, its strong

FOX

Fox's upfront will get a boost from its addition of a movie night and another night of programing on Fridays. Fox last year registered about $350 million for its upfront and with its increase of 40% in inventory and programing for this year's schedule, Fox should be in the $500 million range. Its top categories are automotive, packaged goods, food and food products, restaurants and soft drinks.

Agency media people won't handicap just where rates for Fox will fall, but say that the network will be in a stronger position than previous years thanks to *Married...With Children* and *The Simpsons*. Their young-demo strength will also continue to work in their favor.

by Greg Clarkin

SYNDICATION

Most agency media people greet the upfront market for syndication with some skepticism. "Syndication is in such disarray right now, except for the top programs," says Werner Michel, vice president in corporate programing for Bozell. "They ask for the world for the better programs, while others they have to almost give away."

Data from the Broadcast Advertisers Report finds food products as the top category for investments in national syndication advertising, with more than $325 million spent in 1989, up 35% from $240 million in 1988. Other categories topping the charts included toiletries and toilet goods ($156 million, up 25% from $124 million) and confectionary and soft drinks ($111 million, up 23% from $90 million). Among the larger increases in syndication was in automotive, up 121% to $64 million, from $29 million.

On the betting line, predictions are mainly for low rate hikes, under 4%, with some predictions for flat growth.

CABLE

Cable keeps making inroads in the market and anticipates a bigger upfront than ever before. New networks, such as Sports News Network, The Comedy Channel and HA! (either indepently or merged), mean increased inventory, and increases in first-run programing provide a more attractive shopping list.

However, questions remain over just how cable networks like ESPN and TNT will pay for expensive sports rights deals. Still, ESPN has signed a major deal with Anheuser-Busch.

Top categories that should continue to rise include fast food, packaged goods and automotive. "You'll see the quick service restaurants continuing to be strong," says John Rash, broadcast supervisor at Campbell-Mithun-Esty, Minneapolis. Another growth area is health-related products, such as drugs and remedies. "As baby boomers grow older they're becoming more health sensitive," Rash says. However, Saatchi & Saatchi DFS senior vice president and director of television information and new media Betsy Frank questions the strength of financial services.

As usual, rate estimates run the gamut, depending on who you talk to. Most handicappers estimate rates will rise 10-12%, but a few believe rates will rise no higher than 4-to-5%.

young-adult and working women demographic delivery makes it a hard daypart to beat for many key categories like beer (+36.2% to $24.2 million), imported cars (+75% to $43.4 million) and domestic cars (+80.8% to $23.5 million).

While such advertisers are apparently attracted by latenight's healthy young demos, escalating prices and an expansion of the marketplace by the syndicated *Arsenio Hall Show* will take some network dollars.

EARLY MORNING

Early morning has benefited from advertisers' pursuit of working women, but it may be growing faster than the market can bear. While key categories like coffee (+71.7% to $34 million), financial (+108.6% to $7.3 million) and diet foods (154.2% to $6.1 million) are up, cereals (-13.6% to $19.7 million), dental (-13.1% to $11.2 million) and media (-10.6% to $5.9 million) appear to be cutting back.

Moreover, early morning demand may be satiated by an increased supply of network GRPs. According to Bozell, household ratings for the daypart increased 6% in 1989 (for the period from Sept. 18 - March 18.) And key demos are up: women 18-34, is up 7%; and men 18-34, is up 13%.

NEWS

News is one of the few dayparts that appears to be growing in its price/value relationship for advertisers who seek older demos. "The one place I'm keeping an eye on is news, because you can get a 10 rating in news with no problem, you sometimes can't even get a 10 rating in prime time," says Hal Riney & Partners senior vice president and director of broadcast services Doug Seay. "It's a safe daypart to be in."

Categories increasing their use of news are imported cars (27.4% to $27.4 million), long-distance (104.1% to $24.7 million), dental products (27.4% to $22.8 million), cold remedies (26.3% to $19.7 million) and financial (96% to $19.6 million). But the other top categories are down. ■

NEWS

TOP 10 CLIENTS

	1989	1988	Percent Change
Kellogg	$44.3 mm	$52.3 mm	-15.3%
American Home Products	35.4	35.1	+0.9
Philip Morris	25.9	15.4	+68.2
Bristol-Myers	23.8	20.0	+19.0
General Mills	23.5	29.5	-20.3
Procter & Gamble	23.3	17.7	-31.6
Kodak	20.9	19.4	+7.71
AT&T	20.6	27.3	-24.5
General Motors	19.7	25.7	-23.4
Johnson & Johnson	19.6	22.7	-13.7

TOP 10 CATEGORIES

	1989	1988	Percent Change
Cereals	$73.9 mm	$87.6 mm	-15.6%
Institutional/ corporate	49.4	40.5	-22.0
Headache remedies	44.5	49.4	-9.9
Domestic cars	30.9	41.5	-25.5
Digestive aids	28.8	22.8	-26.3
Imported cars	27.4	21.5	+27.4
Long distance services	24.7	12.1	+104.1
Dental products	22.8	17.9	+27.4
Cold/cough remedies	19.7	15.6	+26.3
Financial	19.6	10.0	+96.0

WHAT'S UP, KIDS?

Bugs teamed with Tyson's Joni Rutherford (center) and Stern Walters' Denise Madison (left) and Barbara Drier.

Time-starved families are being pitched microwave meals kids can "cook" for themselves. It could be a $250 million category — if marketers don't get burned.

by Brian Bagot

Mom's got to run and dad's got to fly, but little Graham and Gillian still have to eat. Recognizing this, some major food marketers are offering parents a helping hand.

With their new lines of complete frozen meals and shelf-stable entrees for kids priced at about $2 per serving, companies such as Tyson, ConAgra and Hormel have made preparing a hot lunch or dinner for junior as easy as pushing a few buttons on the microwave. In fact, it's all so simple that the hope is kids will do it themselves.

In their bids to grab their share of the estimated $250 million market, Tyson and ConAgra have rolled out nationally with complete frozen dinners, called Looney Tunes Meals and Banquet Kid Cuisine, respectively. Hormel, for now, is taking a wait-and-see approach for its shelf-stable Kid's Kitchen entree, testing in markets such as Denver, Phoenix and Indianapolis.

Some of the traditional kid food brands like Chef Boyardee, Campbell Soup and Franco American are also making moves in the market with additions to their lines, such as teddy bear- and dinosaur-shaped pastas. These entries are available only in cans at the moment (though several have recently introduced single-serving sizes), but all are considering microwave extensions. This canned kids-food market currently is about $500 million.

But is the full-meal market really there? The kid-food segment is the final piece of the thinly cut prepared-foods pie that includes dinners for hungry men, dieters and busy yuppies. "There's bound to be some people falling out of this," predicts Al Urbanski, editor of *Food & Beverage Mar-*

Kevin O Mooney TM & 1990 Warner Bros. Inc

KIDS AS COOKS

Prepared Foods Themselves	Years of Age 6-8	9-11	6-14
In the past week	45%	69%	65%
1 to 2 times a week	36%	41%	38%
3 to 5 times a week	15%	29%	27%

Meal Occasion			
Breakfast	15%	16%	17%
Lunch	16%	24%	22%
Dinner	13%	22%	24%
Snack	26%	40%	39%

Favorite Foods of Kids 6-14

Frozen pizza	53%
TV dinner	26%
Canned soup	14%
Canned spaghetti	10%
Dry packaged	9%

81% of the kids age 6 - 14 have a microwave and use it.

Source: Children's Market Research. Survey of 1,000 children aged 6 - 14 and 500 mothers of children that age nationwide, June 1988.

Is the market there? While the food folks are tempted to say yes, some doubt that it's big enough to support all the players.

keting of the emerging kiddie contest. "Splitting up $250 million five ways is not enough to get their juices flowing. It's kind of in an experimental phase, and somebody's going to have to bite the dust."

Alan Miller, a consultant at Arbitron/SAMI, is another who views the market as dubious. He compares it to children's toothpaste. "You had three major brands bringing out toothpastes for kids that went over like lead balloons when the glamour ended," he says. "I have a feeling that in these days of convenience, it's inconvenient to get a special meal for the kids."

But Gary Stibel, a principal at New England Consulting Group, doesn't see it that way. "I think what these companies are doing is absolutely brilliant," he says. "I'm amazed that the majors didn't see this opportunity. They created the gap that people like Hormel and Tyson are smartly capitalizing on."

And James McNeal, marketing professor at Texas A&M, foresees these new products building a base and expanding it beyond $250 million as parents try to cram more into a day. "For the parent who comes home at six or seven o'clock, these dinners are an alternative to going out."

Comprised of kids between two and 12, the market is estimated to be 30 million strong. With numbers like that, it was a natural for the food folks to try and cash in. After all, the numbers are given even more heft by that current American phenomenon, the disappearance of the family dinner in time-starved dual-income or single-parent families.

Recognizing a potential market is one thing, successfully selling to it is another, especially when both kids and parents are involved. Kids are fickle and, when it comes to eating, finicky. Parents, meanwhile, are looking for a secret weapon in the battle of wills as they try to get their kids to eat properly. With their mix of fun and nutrition, the companies have created marketing campaigns that speak to the two-tiered market with a unified voice.

"At one extreme, you're talking to the parents, saying that this food is better for your kid than the alternative snack-food," states Stibel. "Then you've got them positioning to kids as fun food. Both positionings have potential, and the best is a combination of both worlds."

Tyson, which has a multi-year licensing deal with Warner Brothers' Looney Tunes, uses these classic figures as a bridge. Several of the most popular Looney characters have their own meals: Bugs Bunny Chicken Chunks, Sylvester Fish Sticks and Tweety Macaroni & Cheese. Having Bugs and the gang pitch the meals not only appeals to kids' funnybones. It also goes to another level since the nutritional message is paired with moms' recognition of the characters.

"There are a lot of nutritional options out there, but kids might not want to eat them. Or there's plenty of foods that kids love to eat, but mom's not comfortable with the nutritional value," says Joni Rutherford, product manager for Tyson Looney Tunes Meals. "To overlay that with the fun of Looney Tunes characters was just the most powerful thing that we could do."

"Our target can name off the Looney tunes characters," explains Kathy Herrington, president and chief creative officer of Tyson's agency, Stern Walters Partners in Chicago.

Tyson also benefits from Warner's power as a multi-media conglomerate. Just the association with 150 other licensees of the cartoon characters is worth incalculable media dollars. And as Warner hosts a series of events, such as a Bugs concert tour and museum exhibition celebrating the 50th anniversary of Bugs Bunny this year, the value of Tyson's timing becomes apparent.

Taking advantage of some of Warner's strength, Tyson this month bought into a 32-page advertorial insert celebrating Bugs which is running in *Time*, *Life*, *Entertainment Weekly*, *People* and, believe it or not, *Fortune*. Other upcoming events include

T. Mike Fletcher

DMB&B's DeWees rethought marketing basics to make sure their pitch for ConAgra hit its two targets.

major-league baseball tie-in with "Looney Tunes Day at the Park" and museum exhibits throughout the anniversary year that Tyson can participate in if it chooses. "There's absolutely no pressure, no requirement — it's all by choice. And we're not given any special deals," states Madison.

The category's second contender, Kid Cuisine from ConAgra's Banquet division, doesn't have a cast of loony characters behind it. So it brings fun to eating with Fun Paks that come packaged inside the meals. Puzzles and games highlight the adventures of The Chef and BJ, a friendly bear and penguin that were created to represent the brand.

Glenn Dewees, associate media director at D'Arcy Masius Benton & Bowles St. Louis, thinks that a balance between fun and nutrition should be kept.

Moms are told of the convenience the meal offers as well as being a balanced meal. The 30-second spot shows a young boy calmly discussing how convenient, fun, nutritious and good tasting the meals are while his mother races around the kitchen in the background.

The message given to kids is a sly one as the company conspires with kids to get their mothers to buy the products. Steve Kempf, vice president, management supervisor at DMB&B, explains that you need to tell them why mom would like it. "We know that kids are quick to pick up on ammunition to use with mom."

ConAgra has also called on over 4,000 schools nationwide in their marketing efforts. The company sent them nutritional teaching kits that include a teacher's guide, worksheets and games that demonstrate to kids in grades K-6 how to make up a complete meal. "Schools don't have much nutritional information available to them, and in all aspects of our PR we've tried to provide people with consumer information," says Susan Hanley, manager of product publicity for ConAgra. The kit so far has proved to be quite popular as teachers ask the company for second helpings.

For Hormel, offering shelf stable meals can be a boost over the frozen meals if kids have access to microwaves at school. Though the meals have no side dishes, they offer good-sized portions of entrees that include macaroni and cheese, spaghetti and meat balls and beef ravioli. Also, mom gets more control over the meal if she wants to make her own side dish.

Rick Bross, marketing manager of Hormel, says that no decision has been made as to when they'll break nationally, but industry estimates are in about one year. "We have other things going on. We prioritized our opportunities," he explains. The company is focusing on its adult entrees that include Top Shelf, Micro Cup, Dinty Moore Beef Stew and Hormel's Beef Chili. "This is where our real strength is, at least in the short term," Bross states.

He adds that entering the kids market is part of the company's overall strategy in microwave. "Kids are major consumers, and we wanted to make sure we had microwave products that specifically meet their tastes," he explains.

So when only 18 months ago some pundits were announcing that the plug has been pulled on the microwave, primarily because nobody could come up with a good- tasting product that would cook consistently, the appliance may get new life in the kids market. After all, adults know what food is supposed to taste like, but kids don't. Or do they? The new lines have a lot riding on the answer. ■

THE WELL-BALANCED MEDIA MIX

Tyson's $15 million media plan is almost classic for the kids-food market. Television is the primary tool, with a mix of network, syndication and cable, including Nickelodeon and The Family Network on programs hitting both kids and moms. Print is used to round out the mix.

"When you're talking to two diverse audiences like parents and kids, different vehicles are required. Television is the most powerful vehicle to reach children, particularly Saturday morning, after school programing, syndication and cable," explains Jodi Rutherford, product manager. As yet another benefit of the Looney tie-in, Warner produced the 30-second commercial that features all the characters trying to upstage each other with their meal.

WHEN WE SIT OUT TO MAKE A NUTRITIOUS MEAL KIDS WOULD ACTUALLY LIKE, WE GOT SOME FUNNY LOOKS.
Looney Tunes
Giving Your Kids A Well-Balanced Meal When You're Busy Is No Fun And Games.
Until Now

Rutherford says print is the best way to communicate the nutritional message to moms, primarily through the women's service books. Free-standing inserts and other consumer promotion activity, including nutritional guides at POP displays that supply the full nutritional story of the meals, are also part of the plan.

Banquet's Kid Cuisine echoes Tyson. Although the tv target is a mix of kids and moms, using Nickelodeon, as well as shows including *Cosby*, *Growing Pains*, prime-time lead-ins and late afternoon specials, moms are hit exclusively with print through titles that include *Good Housekeeping*, *Woman's Day* and *Parents*. Here the theme is, "Good food that's good fun," and the ads focus on both fun and nutrition. But while one ad talks about the balanced meal without artificial flavors or colors and another's primary message is convenience, both say how much fun the meals are for kids.

Both Tyson and Banquet are using coupons to introduce their lines, but promotion is generally taking a back seat for these new products. One observer, who chose not to be named, explains that coupons' importance in launching these new products is uncertain. "There are a lot of questions about the role of FSIs and couponing in terms of the cluttered environment and their long-term value in new-product introduction," she says. "They're being used, but in terms of promotional dollars we'll see a lot more money being spent within the package on games and premiums than you will see going to FSI to support trial. Right now it's all so early, really too soon to see historical data in terms of promotion for these products."

BRAND REPORT

Lux in Flux

When Americans hit the open road in the boom years after World War II, many took to it in cars larger and more comfortable than some of today's "luxury" apartments. The U.S. and its automotive industry were on top, and huge Cadillacs, Lincolns and Chryslers became symbols of the good life as they purred across the continent.

Along the way, those boom years also bred a schizophrenia in the luxury-car marketplace. While the oversized luxmobiles still say class for many, some of the era's now-affluent children think they say crass. These people are turning instead to the European car models like BMW, Volvo, Mercedes and, lately, the Japanese entries to give them the aura of success.

"The person who would buy a Mercedes would never consider buying a Cadillac, and the person considering a Cadillac would never buy a Mercedes," states Chris Cedergren, manager of forecast products, J.D. Powers & Associates. "They really cater to different generations, even different demo groups."

He points out that Cadillac, Oldsmobile, Lincoln and Buick generally appeal to the GI generation, "the older American who has grown up aspiring to one day own one of those domestic luxury cars." On the other hand, the new generation of luxury car buyers doesn't want to own the cars their fathers or rich uncles drove. This group has a different idea of luxury based on the performance and slicker styling found in mostly imported models. It's no wonder, then, that marketing strategies and media plans in the 1 million-unit luxury category also diverged, based on how the target is defined.

Meanwhile, sales of the American-dominated top ten, despite some bright spots, have lost much of their pep. Reasons range from tired styles to an explosion in available models to match the different profiles in this fragmented car market. The latter is particularly true for BMW, which saw its 3 series sales skid 16% in '89 as they faced competition from the new suburban status symbols — believe it or not, the four-wheel drive sport-utility vehicles and vans.

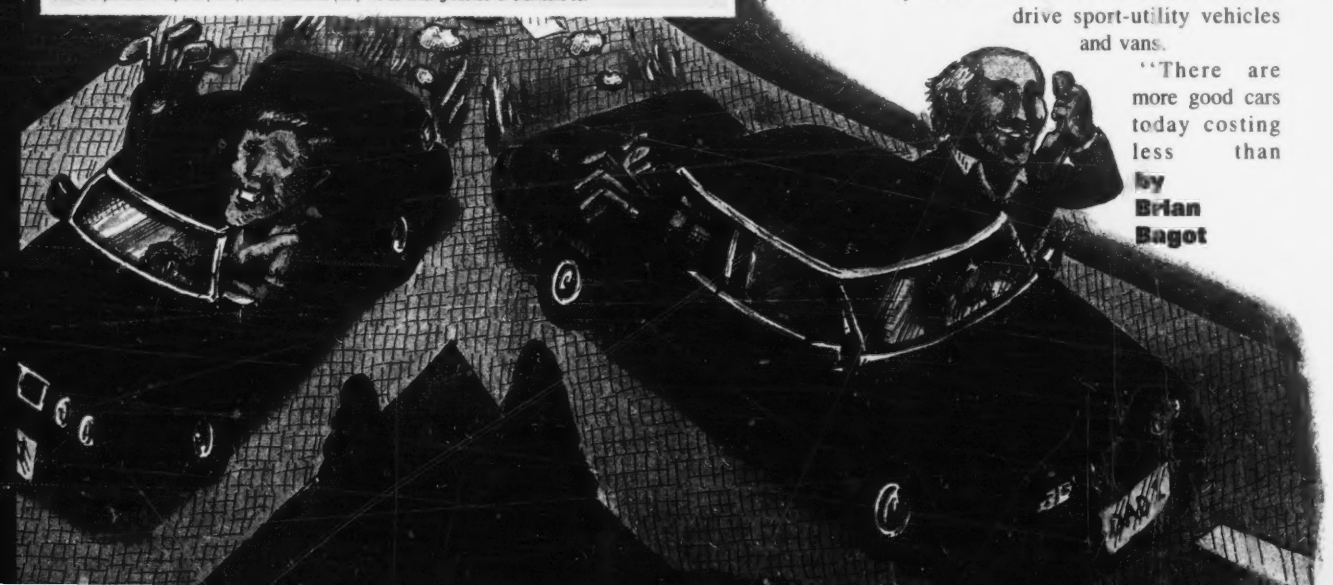
"There are more good cars today costing less than

by Brian Bagot

BRAND REPORT NO. 170
LUXURY-CAR EXPENDITURES (000)
JANUARY–DECEMBER 1989

	Media Total	BAR Network Television	BAR Spot Television	BAR Cable Television	BAR Syndicated Television	RER Spot Radio	LNA Magazines	MR Newspapers	LNA Sunday Magazines	LNA Outdoor	BAR Network Radio
Cadillac DeVille/Fleetwood	$14,780.9	$10,371.5	$259.6	$330.6	—	$54.2	$3,384.3	$334.5	$46.2	—	—
Lincoln Town Car	13,392.8	6,303.6	2,484.7	246.3	$9.4	154.5	4,322.5	—	—	$69.5	—
Buick Electra	6,656.2	1,935.9	144.8	86.5	—	42.2	—	188.0	—	—	714.4
Acura Legend	47,916.7	23,647.5	7,409.5	1,306.8	—	1,921.9	12,978.7	652.3	—	—	—
Lincoln Continental	6,131.4	1,128.1	754.5	—	576.4	—	2,907.5	708.5	—	—	—
Volvo 740	5,853.6	—	186.4	202.5	—	—	5,096.6	368.1	—	—	—
Cadillac Brougham	2,697.8	912.5	73.5	4.7	—	—	1,472.7	234.4	—	—	—
BMW 3 Series	14,944.5	2,909.9	4,345.3	458.9	—	—	5,552.5	2,725.6	62.7	—	—
Cadillac Eldorado	1,562.8	1,100.2	141.5	46.2	—	—	292.0	52.2	—	—	—

Sources: Arbitron's Broadcast Advertisers Report (BAR); Leading National Advertisers (LNA); Radio Expenditure Reports (RER); Media Records (MR). No advertising tracked for Olsmobile 98.



Charles Waller

The older demo dominates the U.S. luxury models, but not imports.

$20,000, which is sort of the threshold of the market," explains a BMW spokesperson. "There's just a lot more choice out there for the consumer."

The ten models leading the luxury market fall into the mass-luxury end of the business, with base prices ranging from $20,000 for the Oldsmobile Ninety-Eight to $29,422 for the Continental. Mercedes, surprisingly, comes in at number 11 with its 300 series. This car, like Jaguar and some other BMW and Volvo models, falls into a more exclusive and lower volume segment of the luxury business, with prices beginning at $40,000.

Americans lead luxury models with about 62% of the road, based on estimates from *Fast Track News*, published by Integrated Automotive Resources. Combined estimates from J.D. Powers and Integrated Automotive Resources have Cadillac moving 170,500 DeVille/Fleetwood models in 1989, up 6.3% over the previous year. Following them are the Lincoln Town Car with 119,300 units, down 1.7%; Buick Electra with 81,000 units, down 8%; and Oldsmobile Ninety-Eight with 65,700 sold last year, down 10.5%.

The two Europeans in the top ten are Volvo's 740 series and the BMW 3 series, with 47,000 units and 32,000 units moved last year, respectively. Sales compared with a year earlier were up 4.7% for the 740, while down 16% for BMW. In the market since March '86, the only Japanese car in the top-ten pack in '89 was the Acura Legend at number five, with 65,000 units, down 8.5%. Toyota's Lexus and Nissan's Infiniti entered the market too late in '89 to have immediate impact, but could alter the rankings in 1990.

Although all in the top ten are positioned as luxury cars, Cadillac and Lincoln are really the only two that compete head-on, while the other leaders fill specific niches. Buick positioned its Electra line, which will be known as Park Avenue in the 1991 model year, as affordable luxury. Volvo, the first to make three-point seat belts standard equipment, continues to concentrate on safety and pragmatism, a trail the Swede blazed some two decades ago. Cadillac, too, emphasizes safety, but where Volvo targets families, Cadillac tries to drive right to the heart of men over 35 with talk of anti-lock brakes, unit-body construction and V8 power.

Logically enough, the media routes the automakers take reflect the differences in the owner profiles, yet criss-cross like some superhighways. Television offers all the makers broad coverage primarily through network, spot and cable, with time bought on *60 Minutes* and *Murder, She Wrote*, as well as CNN, ESPN, Discovery and Arts & Entertainment. Golf is important in reaching the older male demographic and companies such as Buick and Cadillac have struck deals with the PGA Tour sponsoring different events. Total tv spending last year was $67.4 million, down about 6% from $71.7 million in the prior year.

Print allows the car makers to focus more narrowly on their targets. In addition to the upscale titles such as *Smithsonian*, *Fortune* and *Forbes* that are used by several of the companies, BMW also relies on car-enthusiast books like *Car & Driver* to get its performance message across. For an auto company like Volvo, where 55% of its primary drivers are women, magazines such as *Bon Appetit*, *Town & Country* and *Food & Wine* keep the Volvo name on track. Magazine spending for the top-ten models last year totaled about $35 million, according to Leading National Advertisers, which is flat compared to the year before.

Even though the luxury-car makers are targeting the high rollers, this segment of the auto industry is not exempt from incentives, most revolving around price. The American manufacturers rely more heavily on rebates, while BMW has offered special lease rates for recent college graduates so they can qualify more easily for a lease or loan through the car company's credit corporation. Last year, Volvo tied-in with American Airlines and allowed the redemption of frequent-flier miles toward the purchase of the car.

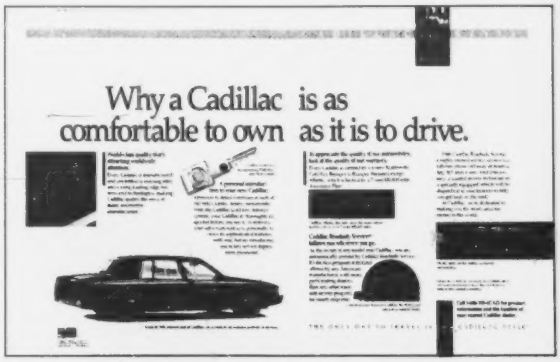
The biggest news in the category, of course, is the arrival of the Japanese. Toyota and Nissan, after helping send the American auto market into a tailspin in the mid-70s with low-priced compacts and dependable mid-sizes, have pulled into the luxury-car race with their respective new brands, Infiniti and Lexus — and lots and lots of marketing dollars. Thus far, published reports peg January and February Infiniti sales at just over 2,000 units, while Lexus had a stronger two-month period with more than 8,300 units moved.

With only 11% of the luxury-car market so far, the climb to the top will be a long one for the Japanese. "It's going to take a while for them to really make an impact," says Thomas O'Grady, president of Integrated Automotive Resources. "It's not just building a car with a lot of luxury and features. It takes time and perseverance," he says.

Gerald Bengtson, vice president of marketing and distribution operations for American Honda, concurs, saying, "We're still working at developing, as a firm, an image in the luxury performance category." To do that, Acura has slated August as the month for the introduction of its NS-X sports car that will sell for between $55,000 and $65,000. It is expected to compete against Jaguar XJS, Porsche and Ferrari as well as possibly step up some previous Corvette owners.

Lexus and Infiniti, meanwhile, should put a dent in the $25,000-plus car market, particularly at the expense of the German cars. The Infiniti Q45 costs $38,000 and the Lexus LS400 $35,000, both with automatic transmissions, leather upholstery, electric sun roofs, tilt steering wheels and anti-lock brakes, which are extra-charge options on Mercedes and BMW. However, BMW is revving up for the Japanese competition with its new 318i featuring a four-cylinder, 16-valve engine with 136 horsepower. Price for the 318i is $21,500, bringing down the bottom price for a BMW from $24,650.

Following is a detailed map charting the marketing courses of the leading luxury car models by unit sales, as broken out by Integrated Automotive Resources and J.D.



Cadillac, long the standard for luxury cars, stresses service with ads from DMB&B.

Powers. Models are grouped under manufacturers' brand names.

Cadillac

Cadillac, long the standard for American luxury automobiles, has been the leader in the category for 41 years. The General Motors division has three models in the top ten, for a total of 240,368 units sold in 1989. The DeVille/Fleetwood was the number-one selling luxury car in 1989, with 170,459 units, while the Brougham ranked number eight and Eldorado number ten, with 39,858 and 30,051 units sold, respectively.

The brand has a basic target profile that begins with adults 35 years old with an annual median income of about $75,000, but varies model by model. So the tv portion of the media plan is primarily an umbrella strategy. "Many of our plans are done on an overall basis, especially when it gets into television, because on television we're using it as an image medium," explains Marty Choinski, vice president, group media director at D'Arcy Masius Benton & Bowles, Bloomfield, Mich., Cadillac's agency. Shows on the tv schedule, which cost Cadillac about $14 million last year, were a combination of higher demographic prime-time programs, such as *LA Law, Murder, She Wrote* and Sunday night movies, sophisticated comedies including *Cheers* and *Murphy Brown*, and news programs such as *60 Minutes* and *20/20*.

Cadillac also has a three-year deal that gives it a piece of the PGA Tour events, specifically the Senior PGA Tour. Under the agreement, Cadillac will be the umbrella sponsor of the Senior Tour for 14 events this year, 15 events next year and 16 events the following year, all aired on ESPN.

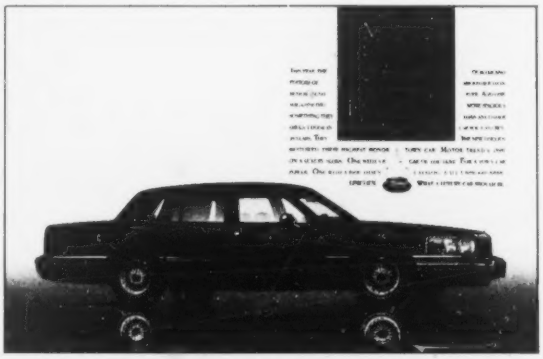
Print is used to target specific driver types. As an example, look at $57,600 Allante and the Brougham, which has a two-door model and sells for $32,400. Cadillac is looking for a different type of driver for the Allante, professionals in the $100,000 annual-income range, and upscale business journals such as *Forbes* are used. But for the Brougham, which is more of a traditional Cadillac, the company can identify a more mature driver, with an income of $50,000-$60,000, and magazines such as *Modern Maturity* and *Changing Times* make it on the list.

The DeVille/Fleetwood is the bread-and-butter car and is targeted to adults over 35 with incomes greater than $50,000. This also contrasts with Brougham's print schedule and includes the upscale demographic editions of the newsweeklies, *Money*, *Town & Country* and *Travel & Leisure*. The Eldorado, like Allante though not as upscale, is Cadillac's sporty expression targeting primarily males. Print here includes *Sports Illustrated* as well as golf and car-enthusiast books.

Cadillac is also going after the European-car buyer with its Seville Touring Sedan and Eldorado Touring Coupe. The cars' styling is based on the European cars and includes interior appointments, suspension, tires and less chrome, according to Choinski. Taking a ride into the future, Cadillac has a concept car featuring European styling called the Aurora that's being tested at the major auto shows.

Lincoln

Lincoln cruises into number two with its Town Car and Continental. Although they have comparable base sticker prices, the styling and positioning, as well as messages, are different.



Lincoln promotes the restyled Town Car's selection as *Motor Trend*'s Car of the Year.

Golf, however, is the common thread between the two vehicles, and Lincoln buys network tv coverage of major PGA Tour tournaments for both cars. And while Cadillac has the Senior Tour under its seatbelt, old-timer Jack Nicklaus serves as a Lincoln spokesperson and appears in ads during golf programs.

The Town Car is positioned by Lincoln as the "ultimate expression of automotive luxury." It's a large, rear-wheel drive that offers a lot of room and comfort and is targeted to the older segment of luxury-car buyers, who are males about 60 years old with an annual income of $60,000. "Those people seek out cars that are big and impressive," says Donald Williams, executive vice president, group director at the cars' agency, Young & Rubicam Detroit. "Room is also incredibly important to them."

The media schedule for the Town Car, which cost $13.6 million last year, was split primarily between network tv and magazines, $6.3 million and $4.3 million respectively, according to LNA. "We do a lot of magazine advertising because these people tend to read a lot of magazines," says Williams. Titles include *Time*'s top-management editions, *Business Week*, *Town & Country*, *Smithsonian* and *National Geographic*.

Besides heavy golf, tv programing includes various prime-time shows, *60 Minutes* and *20/20*.

The Continental buyer is in some ways similar to the Town Car owner, although he's in his mid-50s and has an income of $75,000. He's still somewhat traditional, but seeks the benefits of advanced technology and leans towards features like speed-sensitive steering, front-wheel drive, anti-lock brakes and electronically controlled suspension. With this driver profile and these features, the car is positioned as a "sophisticated luxury sedan that offers an ideal blending of domestic luxury and advanced technology," according to Williams. "We're actually positioning it as a world-class driving experience."

Magazines, at a total cost of $3 million, were used last year and, as with the Town Car, included business books. To target younger prospects, titles such as *Sports Illustrated* and *New Yorker* were included.

Basically, the same tv mix is used as the Town Car at a cost of about $2 million last year, according to LNA. "The message is tailored to the targets. What we say about the cars is different, but in some cases the two targets may be watching the same program," explains Williams.

Buick

Buick's Electra/Park Avenue line comes in at number three with 81,000 units sold in model year 1989. The Park Avenue gen-

Most of Buick's luxury emphasis was on its Park Avenue.

For younger buyers, luxury means style and performance.

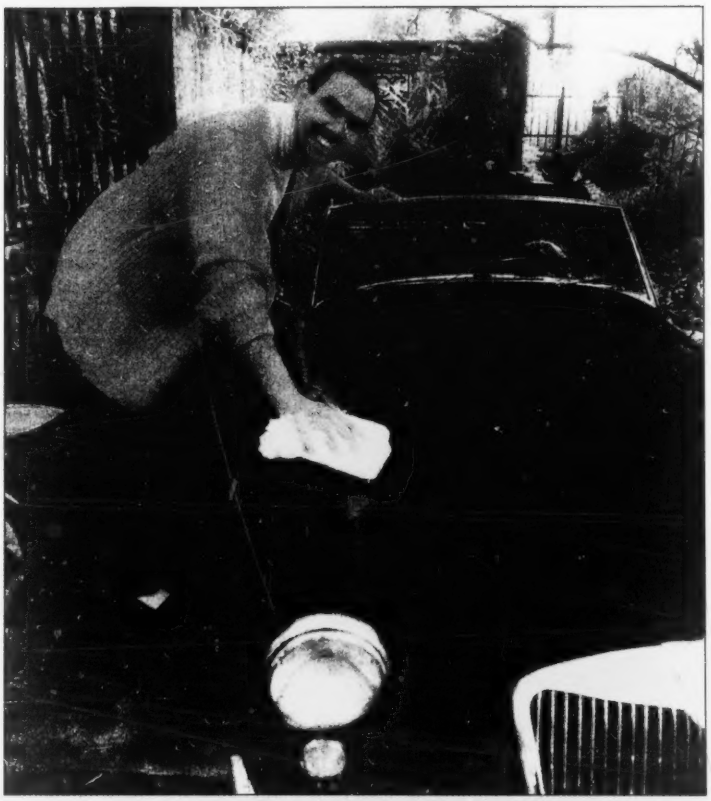
erated about 91% of the sales, while the Electra accounted for 6%, so it shouldn't surprise anyone that for 1991 Buick is dropping the Electra nameplate and tacking on Park Avenue. Now instead of four styles, the only two models will be the Park Avenue and the Park Avenue Ultra. "We have a case of the model name overtaking the brand name," says Patrick J. Harrison, marketing line manager for Buick Motor Division.

With a base price around $25,000 for the Park Avenue, Buick is positioning the car in the middle of the luxury car pack. "We can't walk away from customers who want a distinctive car with luxury features but don't want to pay the real high price that you find with the Lincolns and Cadillacs," states Harrison.

The affordable luxury slant is not overt as the company targets drivers in their 50s with incomes of $55,000-$65,000 a year through tv and magazines. Instead, the tag line is, "The Great American Road Belongs to Buick." Copy highlights Buick's ranking by J.D. Powers as one of the most trouble-free American brands, and the Park Avenue as among the most trouble-free American luxury cars.

The tv track, according to LNA, cost $2.2 million on shows such as *Murder, She Wrote* and *60 Minutes*. Buick is also a big user of golf and is the official car of the PGA Tour, not to be confused with Cadillac's Senior PGA Tour. And although it's an umbrella campaign, Park Avenue is heavily featured. Besides golf, Buick also runs a heavier schedule on college basketball and football, rather than professional. "Professional tends toward a younger, blue-collar group," says Harrison, "The college group has a higher white-collar content."

The heavy competition for the Electra/Park Avenue comes from Lincoln and Cadillac, but the styling on the 1991 Park Avenue speaks European. Still, Harrison says there's no conscious effort to go after the European buyer. "Frankly, it's very tough to get the people out of the European cars



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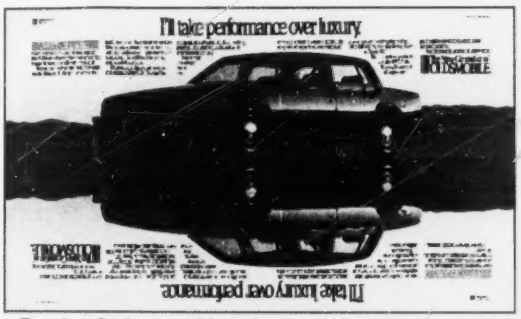


The Touring Sedan combines luxury and performance, but it's still your father's Oldsmobile.

and into the Buicks — not that we don't do it," he says.

On the print schedule are higher demo books like *Wall Street Journal*, *National Geographic*, *American Heritage* and *Architectural Digest*, as well as mass buys like *Newsweek* and *Sports Illustrated*.

Oldsmobile

Although Oldsmobile is going after a mature car-buyer with the Ninety-Eight, its "New Generation of Oldsmobile" tag is still appropriate. "The campaign means that we have cars for all generations of people, young and old," explains Richard Ross, director of marketing for Oldsmobile. "When we talk about older people, we show older people with younger lifestyles." The theme also represents a new generation of product features and added technology to the Oldsmobile products. The brand's theme line, "This is not your father's Oldsmobile," is not used, however, since in fact, it is.

The sale of 65,671 Oldsmobile Ninety-Eights last year was enough to rank the car number four. Two models are in the line, the Regency and Touring Sedan, and each has its own consumer profile.

With the Touring Sedan, Oldsmobile is offering a sportier version of the Ninety-Eight at a higher price, $25,995. Here, the print-only campaign, targeting primarily males with $60,000-plus incomes in the 40-plus age group, talks of both luxury and performance with the headlines, "I'll take performance over luxury" and "I'll take luxury over performance." Which one you take depends on how you look at this clever ad from Leo Burnett, which tells two stories, one upside down and one right side up.

On the performance side, things like fuel injection, anti-lock brakes and automatic overdrive are highlighted, as well as the performance-tuned suspension. Luxury is maintained with power adjusted bucket seats and a leather-wrapped steering wheel with built-in touch controls.

Burnett's campaign was strictly print, because when targeting consumers in this age bracket, "you can do it on a much more efficient basis by using print," says Ross. Print titles for the Touring Sedan reflect the targeted audience and include *Motor Trend*, *Fortune*, *Golf*, *Golf Digest*, *Sports Illustrated*, *Money* and *Changing Times*.

For the Ninety-Eight Regency, the emphasis is on the car as the logical choice for luxury. "It gives all the nice convenience, comfort and things you want in a luxurious car, and we do it at a great price," says Ross. "We don't advertise price, we just say that it's a smart choice."

Base price for the car is $19,295. Last year's print mix for the Regency is the same as Touring Sedan, except no buff books are used. The buyer here is older than the Touring Sedan and skews in the mid- to late-50s.

No figures are available since LNA did not track spending for the car and Oldsmobile declined to comment on how much was spent.

This year only the Touring Sedan will be advertised as several new products are introduced, guzzling the bulk of the budget. "We had five new models this year that tied up the budget pretty well," Ross says.

Next year Oldsmobile is coming out with a new Ninety-Eight, and because it's an introduction, tv time will be bought. But

Acura is positioned as a luxury performance car that gives great value for the money.

since it has not yet been publicly displayed, it's too early to say what differences this car will have compared to the two current models, what the target group will be or what type of programing will be used. "From a marketing point of view, we just got the positioning put together and what we're trying to accomplish, but we're just working on the creative now," states Ross.

Acura

"We're targeting people who have not made up their minds that they are going to buy a Mercedes or BMW," says Gerald Bengtson, vice president of marketing and distribution operation for American Honda Motor Co., parent of the Acura. "They say, 'Hey, wait a minute. $40-, $50-, $60,000? I don't know if I can justify that anymore.' It may be more important that the car just performs the duty it was designed for and doesn't have to worry about just carting an ego."

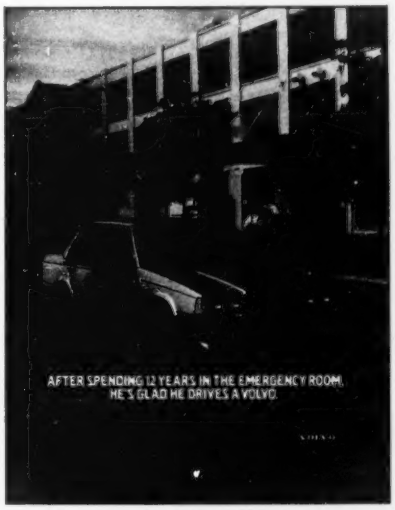
The only Japanese-owned autoproducer to make the ranking in unit sales, Acura offers its Legend in a two-door coupe and four-door models, targeted primarily at men in their mid-40s with household incomes of $80,000. Both the four- and two-door styles feature different levels of trim that can bring the car from a base range of $23,000 to a high of $31,000. Standard features include power windows, air conditioning, cruise control and stereo, while the step-up L model features optional leather seats as well as power seat control. An LS model offers a Bose stereo.

Acura realizes that it takes more than just amenities and performance to successfully market a line of luxury cars. "I think the first thing you have to do is focus on the product. If you don't execute the product, you can talk about it until you're blue in the face, but when the smoke clears, you're still back with the product," states Bengtson. "We're concentrating on performance and the styling and size of the car."

Acura is also telling people about it, and in a big way. Ad spending bought by Ketchum/LA and tracked by LNA totaled just under $48 million last year on a campaign that combined tv and print.

Network tv spending took the bulk of the budget with $23.7 million and went to sports programing as well as shows such as *LA Law* and *thirtysomething*. Magazines also received a considerable amount of money — $13 million on titles that include the automotive buff books as well as *Forbes*, *Fortune* and *Business Week*. Newspapers were used to the tune of $652,300, according to LNA.

Corporately, Honda is a long-term sponsor of Formula 1 Gran Prix autoracing, and Acura ads are also placed on ESPN coverage of these events. Besides keeping the name in front of people, the racing tie-in creates a consumer association with the sport.



Still pragmatic after all these years, Volvo stresses safety.

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An Issue of Influence
JOURNAL
THE LAWYER'S MAGAZINE

Volvo

With its emphasis on safety and pragmatism, college education is the most important characteristic of its 35-plus target with at least $50,000 in household income. "Income and age factors can swing," explains John Slavin, executive vice president at Scali, McCabe, Sloves, the car maker's agency. "Education is a constant with them."

Volvo sold 47,000 of its 740 series automobiles last year, enough to rank it seventh in the category for unit sales. Having four cars, including a station wagon, turbo and sedan, in the 740 series gives Volvo a broad coverage of the market. So psychographically, there's more of a difference in the target for each of the models than with other luxury entries. Is a station wagon needed? Would a sedan do?

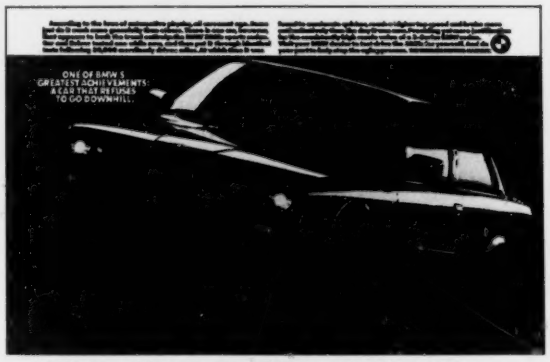
"It depends on the individual and how they want to use the car," says Milt Gravatt, manager of marketing services for Volvo Cars of North America. "We're right in the middle of the market. We call ourselves 'strategically standing still.' People are moving up into us, down into us, sideways into us. So we try to keep it open."

Because of Volvo's front-engine, rear-wheel drive, Gravatt sees dissatisfied American car owners moving into Volvo, as well as people moving out of Japanese cars looking for a larger car. Also, there's the Mercedes and BMW owner looking for a new car, but not wanting to pay the high replacement cost of these cars.

"America has finally caught up with Volvo," says Slaven. "The industry at one point thought it was very chic to go after performance, at another time style was in. This has gone back and forth, but the Volvo message has never waffled. And now anything you read about the auto in the '90s is how everyone is jumping on the safety bandwagon."

Targeting these pragmatic, educated consumers is done primarily through magazines such as *Gourmet*, *Bon Appetit* and *Food & Wine* at a cost of $5.1 million, according to LNA.

Cable tv is used, with placements on CNN, ESPN, A&E, TBS and Discovery costing $202,500, according to LNA. Network broadcast is not used, according to Slaven, because the company has a cooperative agreement set up with dealers in 32 markets who buy primarily local spots.



Like few things in life, BMWs get better with age, say the ads.

BMW

Recognizing competition from other categories, BMW is looking long term and offering consumers a variety of model choices within its 3 Series, which had sales of 32,153 last year. Currently, the 3 Series includes a two-door sedan, four-door sedan, convertible, four-wheel drive and a high performance sports version. Prices range from around $22,000 up to the $35,000 area, so there's quite a range.

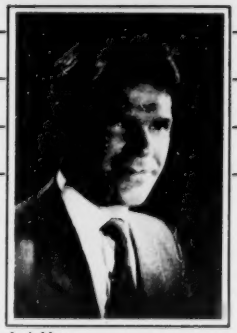
In the incentive race, BMW currently has a deal where a driver can waive the last year of the lease to buy or lease a new BMW.

Featuring a 168-horsepower, six-cylinder engine, the 3 Series is positioned as an entry model into what BMW calls the luxury performance market. With this positioning, advertising in print and tv talks about "technology, design, quality and value," says a BMW spokesperson. The average buyer profile is primarily college-educated, married male in his late 30s with a household income of $94,000.

Ads from Ammirati & Puris for the 3 Series primarily cover the line, although the convertible and new 318i have some product-specific campaigns. A combination of network, spot and cable consume the bulk of the ad dollars. Combined spending last year for the three totaled $7.7 million on public affairs and news shows such as *This Week with David Brinkley* and *CBS Sunday Morning*, as well as some prime-time entertainment programs.

Magazines were the only print medium used by BMW last year, according to LNA, and totaled just under $3 million. A wide range of higher demographic as well as car-enthusiast books were used. Titles include *Condé Nast Traveler*, *M*, *Motor Trend*, *Time*, *Vanity Fair* and *Yachting*. ■

THE MYERS REPORT



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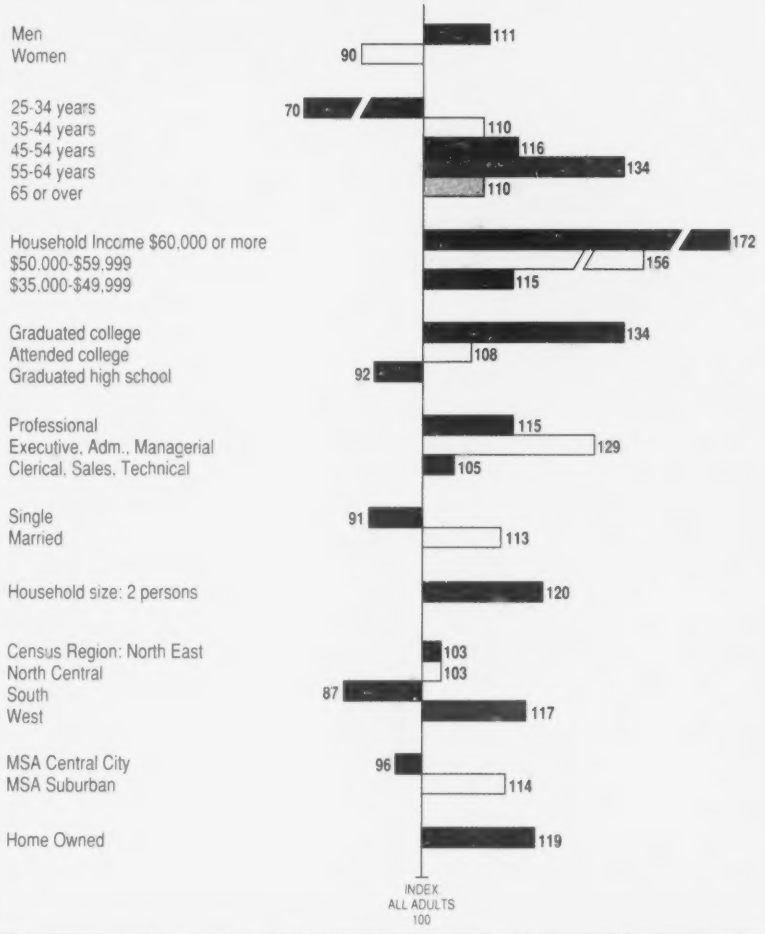
BRAND REPORT INDEX

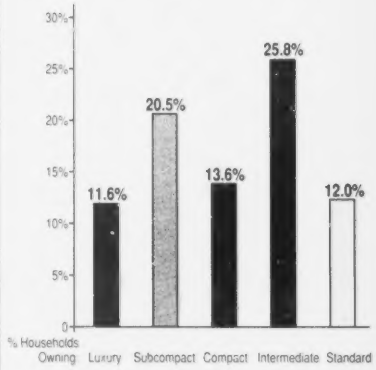
Luxury Cars

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

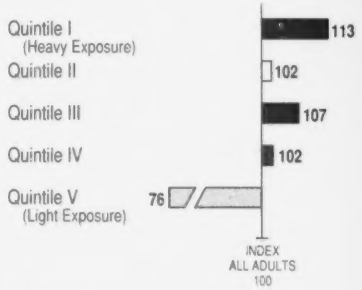
KEY DEMOGRAPHICS: LUXURY CAR OWNERS



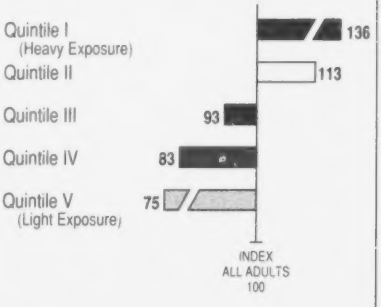
SIZE OF CARS OWNED



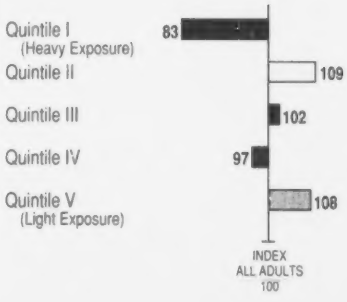
MAGAZINE EXPOSURE



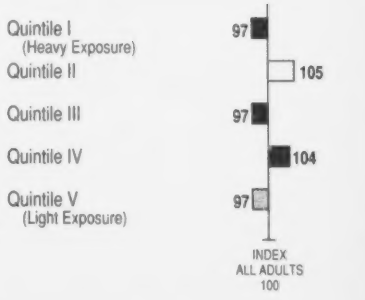
NEWSPAPER EXPOSURE



TELEVISION EXPOSURE



RADIO EXPOSURE



Source: Mediamark Research Inc., Spring 1989

COUNTER POINT

Buy Lines: Agencies

In my work as executive director for L.I.A.N. (Leading Independent Agency Network), I've noted a definite trend for medium to large agencies to establish their media operations as separate profit centers handling media for non-clients. The L.I.A.N. agencies are typical of agencies in the $50- to $500-million range since our group includes leading independent agencies in major markets, such as New York, Los Angeles, Atlanta and Dallas.

There are two basic reasons for this trend. First, agency commission income is being reduced; and second, some media-buying services are making a handsome profit.

There's no question that many major clients are reducing their commissions downward from the former "standard" of 15%. The ANA found that many companies are operating at 10.5% or less, and my recent consulting work with five of the nation's top ten advertisers confirms the survey data.

Agencies need to make up the loss. But if they trim media departmental costs too low, their work will suffer and their clients will fall prey to media-buying services. The better alternative is to set up their department as a profit center by handling media work for other non-agency clients and even for non-competitive agencies.

Client or not, some agencies want to buy your media; the buying services say, beware.

In the L.I.A.N. group of agencies, well over half are already in the process of doing just that. They are also going a step further by combining their media resources into a separate network-tv subsidiary headed up by Steve Auerbach of Ally & Gargano and by making regional buys for the other L.I.A.N. agencies in their home regions. Here's what several L.I.A.N. agencies feel about the concept:

Errol Dengler of Wyse Advertising in Cleveland launched a division known as Pinnacle Media in July 1988 and increased the agency's media volume with media-only clients. "One of the benefits of Pinnacle Media's success is that it enables us to reinvest the incremental dollars back into our media operation," he says.

Dawn Sibley, executive vice president of Ally & Gargano, New York, says that in addition to their network tv subsidiary, they began buying spot tv for political advertisers and for non-agency clients of the MCA Consulting Group. She acknowledges the advantages of the extra income, but also says, "This kind of work broadens the horizons of our media professionals and encourages an entrepreneurial spirit."

Jack Shubert, who has recently joined Earle Palmer Brown, claims, "There's no reason major agencies shouldn't be better at buying media than media-buying services — if they make up their mind to invest their income in building a stronger media department."

He should know, since for 20 years before coming to Earle Palmer Brown, Shubert was vice president and general manager of Advanswers, which was the first major agency-backed buying service. In fact, when Gardner Advertising, the parent company, folded last year, Advanswers announced several new clients and topped $300 million in capitalized fees.

And so it goes. The agencies I've been in contact with are enthusiastic about taking on media work for non-agency clients. Agency full-service clients should also welcome it, providing it doesn't detract from their work. And it shouldn't.

When I was at Ralston Purina, we worked with Advanswers, Ally & Gargano and several other agencies that performed media work for non-agency clients. We found these agencies did such a highly professional media job for us that we were pleased to see them build up their media departments to place even more media.

William M. Claggett is executive director of the Leading Independent Agency Network.

or Services?

Ad agencies have been critical of buying services since they first appeared on the scene some 20 years ago. Now that buying services are prospering and many agency media departments are in flux, some agencies' departments are trying to reshape themselves into structures that look suspiciously like buying services. One of their primary targets is other agencies.

I predict this effort will fail because of some very fundamental problems involving conflicts, confidentiality and logistics. Let's look at it from the client side.

You're a Midwestern company with a local ad agency, and you want to make a spot buy in the New York market. So your agency hands the project over to their affiliated agency in New York to do the buying. At that point, your costs, your buying criteria, your whole business becomes an open book to an outside agency.

"Agencies face fundamental problems with conflicts, confidentiality and logistics."

Furthermore, if the New York agency has a conflicting piece of business, they can't do the buy. If they don't have conflicting business, it's a sign that they may not know your business or they're not big enough to do the buy effectively. So in that respect, the idea of L.I.A.N.'s "confederation" is somewhat self-defeating.

Now let's look at it from the agency's point of view.

You're a Midwestern advertising agency and your client wants to make a spot buy in the New York market. Are you really going to feel comfortable turning over your hard-won account to a third party? Are they really going to work as hard on the buy as they would on their own business? And when even the once-gentlemanly agencies have taken the gloves off and gone after one another's clients, are you really going to allow another agency to get cozy with your clients?

Even allowing that these obstacles aren't insurmountable, there's the added problem of billing and payment. With more than one agency now in the picture, things can get very complicated. And that means more room for mistakes. No wonder the issue has yet to be resolved on any kind of standardized basis.

What bears serious scrutiny are the reasons why agencies, in particular, are forced to take this action in the first place. By turning to other agencies for their buys, these shops are, in effect, confessing that they can't buy out-of-town markets as effectively as they'd like. Otherwise they wouldn't be looking for other people to do their buying for them.

Finally, there's the issue of getting the best person for the job. Agencies, particularly the larger ones, have become more volatile and less secure. Many veteran media people have merged, consolidated and squeezed dry to extract every last nickel for the all-important bottom line. Salaries have been crunched in the process. Under these circumstances, why in the world would an excellent planner, buyer or media director want to bet his or her future on such an agency?

Buying services, on the other hand, are booming. Most are being run by former advertising agency media people with the foresight to have seen the way the business was heading. And they've been able to attract talented media people away from the agencies.

Ethel Rosner is vice president/director of marketing and communication for Time Buying Services, New York.

POLL Research USA, Chicago, finds agencies would offer à la carte media services primarily to attract new clients.

1. Would your agency consider offering media services on an à la carte basis? (Base - 125)

Yes	86.4%
No	13.6%

2. If "yes," where would the work be handled? (Base - 107)

In the media department	96.3%
In a separate division	6.5%

3. What do you see as some of the possible advantages to such a system? (Check all that apply. Base - 114)

Attracting new clients	91.2%
Increasing the efficiencies in other departments	11.4%
Expanding the agency's base of services	75.4%
Other	4.4%

4. What do you see as some of the possible disadvantages? (Check all that apply. Base - 104)

Conflicts with existing clients	72.1%
Unbundling of agency services	30.8%
Blurring the line between agency and independent buying services	48.1%
Other	12.5%

5. If your agency offered à la carte media services, where would incremental revenues be placed? (Base - 104)

Back into media department	19.3%
Be absorbed into general agency	87.7%

6. To whom would your agency offer à la carte media services? (Base - 116)

Advertisers only	54.3%
Ad agencies only	.9%
Both advertisers and agencies	46.6%

7. Which types of media services should such a department offer? (Check all that apply. Base - 116))

Planning	96.6%
Buying	99.1%
Post-buy analysis	86.2%
Billing	67.2%
Media research	77.6%
Trafficking	56.9%
Other	5.1%

8. What do you feel should be the preferred method of compensation for these services? (Base - 115)

Fee	29.6%
Commission	14.8%
Hourly rate	18.3%
Combination	47.8%
Other	14.8%

ECONOMIC EYE

MAGAZINE AD SCORECARD	Ad Pages March 1990	% change from March 1989	Dollars spent (000)	% change from March 1989
1. Skin care, Creams, Lotions and Oils	178.00	-24.0	7,784.8	-18.1
2. Lip and Eye Beauty Products	181.42	+4.3	6,436.8	-3.3
3. Scents and Fragrances	175.80	-4.4	5,387.7	+6.5
4. Facial Makeup Products	106.13	17.0	4,120.3	+33.5
5. Prepared Dinners and Entrees (including pizzas)	88.68	+140.8	5,542.0	+146.5
6. Liquor	443.44	+33.3	18,799.7	+34.6
7. Cigarettes	468.76	-29	27,137.6	-27.7
8. Soaps and Detergents	13.0	-65.8	926.0	-64.6
9. Passenger Cars, Domestic	448.45	-37.7	23,905.1	-33.6
10. Passenger Cars, Imported	310.22	37.9	17,722.0	+40.4

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

(The Media Cost Index is based on unit costs, which are the end-product of circulation/audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costs.)

1985 = 100 ← 1989 → ← 1990 →

	June	% change	July	% change	Aug.	% change	Sep.	% change	Oct.	% change	Nov.	% change	Dec.	% change	Jan.	% change
Network TV																
Daytime	63	–14	71	–11	67	–9	76	-48	80	-28	82	+3	74	+0.8	78	+0.6
Nighttime	112	-8	125	+14	135	+14	120	+2	119	+19	124	+10	123	+12	129	+6
Spot TV																
Prime time	131	+5	132	+7	134	+7	117	-15	116	-9	128	+23	130	+1	–	–
Daytime	93	–0.2	107	+0.2	99	-1	94	-11	94	-12	98	-5	97	-1	–	–
Network radio	126	+8	121	+19	127	+15	127	+14	142	+8	139	+11	131	+10	173	+10
Spot radio	118	+17	–	–	–	–	112	+7	–	–	–	–	114	+4	–	–
Consumer magazines	123	+7	123	+7	123	+8	124	+7	123	+7	123	+5	123	+3	130	+7
Natl. Sunday magazines	130	+12	130	+12	141	+10	141	+10	141	+10	141	+10	141	+10	132	+2
Business publications	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6	128	+8
Newspapers	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6	138	+6
Outdoor	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8

Notes: Percentage shown is relative change from the same month/period the year before.
*Revised

Pay cable and VCR penetration have reached all-time highs, 29.7% and 68.6% respectively, reports Nielsen.

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Nightline Spot TV- Cost per average 30-second spot, 7:30-11p.m. Monday-Saturday and 7-11p.m. Sunday from Arbitron/Broadcast Advertisers Reports' Spot TV Service.

Daytime Spot TV- Cost per average 30-second spot, 10a.m.-4:30p.m. Monday-Friday from Arbitron/Broadcast Advertisers Reports' Spot TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

A LOOK AHEAD TO

JULY

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